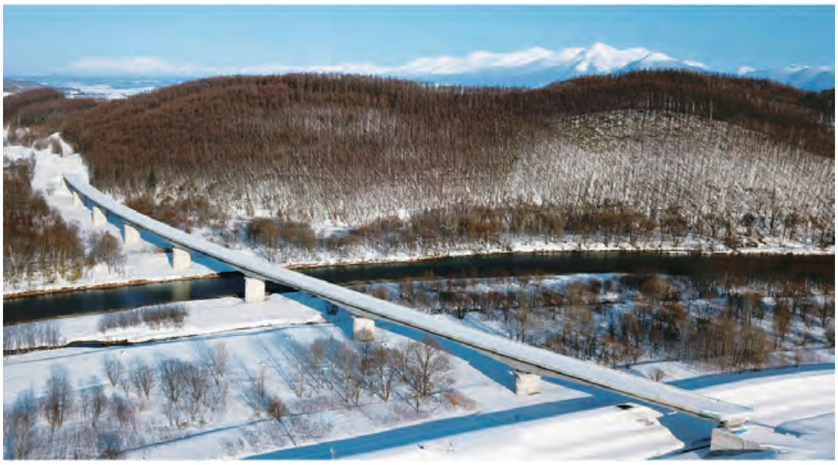
Tobishima

Annual Report

2020

PROFILE



Shin Furano Bridge [Hokkaido]

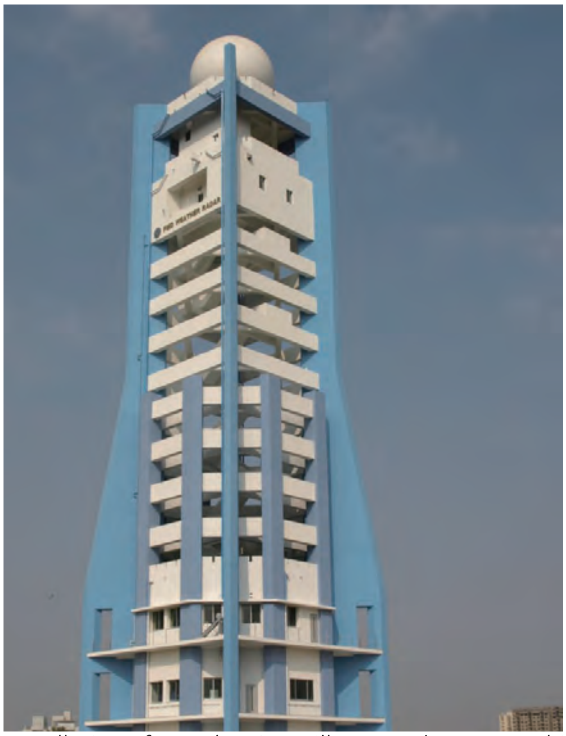
Since its founding in 1883, Tobishima has steadfastly contributed to society through major construction projects, from the undersea expressway tunnel, Tokyo Aqua-Line, to the Surikamigawa Dam, one of Japan's largest core rock-filled dams. Our portfolio not only exemplifies the high quality of our projects; it also demonstrates Tobishima's advanced technologies, the fruit of our many years of experience.

Renowned for our products and services, as well as the knowledge of our employees, we are constantly developing and investing in new technologies and systems to support continuous improvement.

Moreover, we have expanded our business domains by responding to the demands of the times. We are now engaged in solutions businesses that meet the varied needs of our customers in addition to construction work. We will strengthen our explorations into new areas where Tobishima can fully apply its expertise in engineering and disaster prevention.

Outside of Japan, Tobishima has long been involved in improving infrastructure through construction of roads, ports, subways, hospitals, factories and government buildings, particularly in Southeast and West Asia.

We are working just as hard today to establish a corporate culture commensurate with the challenges of building the structures that people around the world need in order to enjoy better lives.



Installation of Weather Surveillance Radar at Karachi [Pakistan]

Consolidated Financial Highlights

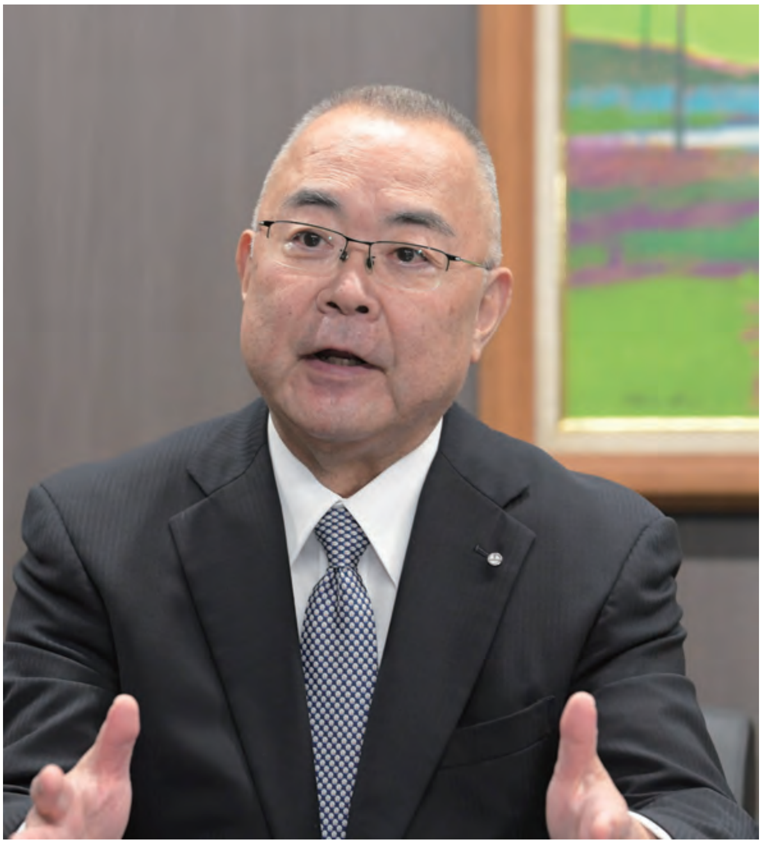
Year ended March 31, 2020

		Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S.Dollars 2020
For the Year:	Net sales	**¥134,860**	¥128,866	**$1,239,175**
	Income before income taxes	**7,413**	6,852	**68,117**
	Net income attributable to owners of parent	**5,110**	5,072	**46,950**
At Year-end:	Total assets	**¥121,804**	¥109,586	**$1,119,214**
	Total net assets	**39,473**	36,410	**362,706**
Per Share of Common Stock:	(in yen and dollars):			
	Basic net income	**¥266.39**	¥263.47	**$2.448**
	Net assets	**2,062.77**	1,891.96	**18.954**

Note 1: U.S. dollar amounts here and elsewhere in this annual report are translated from yen at the rate of ¥108.83=US$1.00, the rate on March 31, 2020 for the reader's convenience only.
Note 2: The years included in the text are fiscal years, which run from April 1 through March 31 of the following year.
Note 3: The Company executed a ten-for-one reverse split of common shares as of October 1st, 2018. Basic net income per share and Net assets per share have been calculated assuming that the reverse split of shares was executed on the beginning of the prior fiscal year.

MESSAGE FROM THE PRESIDENT

To Our Stakeholders



The “Mid-term 5-year plan,” which started in fiscal 2019, is making good progress, including maintaining the presence of core businesses, reforming the business structure, and promoting the Smart Solution Service business. Especially in Digital Transformation,which is a major pillar of the plan, “Tobishima Corporation Accelerator 2019”, which was started in November 2019 under the title of “Buttobishima Project” (Fly Away, Tobishima Project), many start-up companies proposed various cooperation plans not limited to the construction field. We will continue to promote co-creation to create new value through open innovation by collaborating with companies that have knowledge and capabilities that we do not have.

The evaluation of corporate value is rapidly shifting to a two-axis evaluation that combines “financial performance” with “contribution to the realization of a sustainable world”. We will strengthen our efforts on SDGs and always aim to be a “company selected by stakeholders” as a “trusted company”.

We would like to ask our stakeholders for their continued support of the “Evolving Tobishima Group”.

June 2020

Masahiro Norikyo

Masahiro Norikyo

President and Representative Director

Consolidated Balance Sheet
TOBISHIMA CORPORATION

As of March 31, 2020

ASSETS		Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S.Dollars 2020
Current assets	Cash and cash equivalents	**¥23,050**	¥23,013	**$211,799**
	Marketable securities (*2)	**1,513**	1,613	**13,901**
	Real estate for sale (*3)	**1,537**	402	**14,127**
	Notes receivable, accounts receivable from completed construction contracts, and other (*1)	**56,007**	52,089	**514,631**
	Allowance for doubtful accounts	**(5)**	(8)	**(48)**
	Costs on uncompleted construction contracts and other (*4)	**1,601**	2,375	**14,710**
	Costs on development business and other (*5)	**4,538**	-	**41,695**
	Accounts receivable-other	**6,622**	6,639	**60,848**
	Other	**2,517**	492	**23,125**
	Total current assets	**97,380**	86,615	**894,788**
Property, plant and equipment	Buildings and structures	**16,873**	14,507	**155,042**
	Machinery, equipment, furniture and fixtures	**4,531**	4,109	**41,632**
	Land	**8,259**	7,353	**75,889**
	Lease assets	**146**	144	**1,340**
	Construction in progress	**269**	510	**2,472**
	Accumulated depreciation	**(12,232)**	(11,038)	**(112,397)**
	Total property, plant and equipment	**17,846**	15,585	**163,978**
Investments and other assets	Investment securities (*6)	**4,013**	4,997	**36,875**
	Intangible assets	**879**	611	**8,074**
	Other (*7)	**1,887**	1,979	**17,343**
	Allowance for doubtful accounts	**(201)**	(201)	**(1,844)**
	Total investments and other assets	**6,578**	7,386	**60,448**
Total		**¥121,804**	¥109,586	**$1,119,s214**

See notes to consolidated financial statements

LIABILITIES AND EQUITY				
Current liabilities	Notes payable, accounts payable for construction contracts and other (*8)	**¥31,805**	¥35,890	**$292,244**
	Short-term borrowings (*9)	**16,656**	122	**153,046**
	Advances received on uncompleted construction contracts	**5,342**	8,407	**49,086**
	Deposits received	**19,447**	13,742	**178,694**
	Provision for warranties for completed construction	**249**	307	**2,287**
	Provision for loss on construction contracts (*10)	**339**	446	**3,116**
	Income taxes payable	**1,294**	743	**11,893**
	Other	**3,214**	2,191	**29,529**
	Total current liabilities	**78,346**	61,848	**719,895**
Long-term liabilities	Liability for retirement benefits	**130**	462	**1,197**
	Long-term borrowings (*11)	**3,242**	10,402	**29,785**
	Provision for share-based remuneration for directors (and other officers)	**15**	-	**136**
	Provision for retirement benefits for directors (and other officers)	**55**	-	**510**
	Other	**543**	464	**4,985**
	Total long-term liabilities	**3,985**	11,328	**36,613**
	Total liabilities	**¥82,331**	¥73,176	**$756,508**
Equity	Common stock—authorized, 40,000 thousand shares; Issued, 19,310 thousand shares	**¥5,520**	¥5,520	**$50,721**
	Capital surplus	**6,240**	6,242	**57,339**
	Retained earnings	**27,864**	23,717	**256,034**
	Treasury stock—at cost: 71,203 Shares	**(580)**	(455)	**(5,329)**
	Accumulated other comprehensive income			
	Unrealized gain on available-for-sale securities	**736**	1,369	**6,759**
	Foreign currency translation adjustment	**4**	4	**36**
	Defined retirement benefit plans	**(319)**	12	**(2,927)**
	Total	**421**	1,385	**3,868**
	Noncontrolling interest	**8**	1	**73**
	Total equity	**39,473**	36,410	**362,706**
Total		**¥121,804**	¥109,586	**$1,119,214**

See notes to consolidated financial statements

Consolidated Statement of Income
TOBISHIMA CORPORATION

Year ended March 31, 2020

		Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S.Dollars 2020
Net sales	Net sales of completed construction contracts	**¥127,713**	¥126,985	**$1,173,506**
	Net sales of development business and other	**7,147**	1,881	**65,669**
	Total net sales	**134,860**	128,866	**1,239,175**
Cost of sales	Cost of sales of completed construction contracts (*1)	**112,472**	112,896	**1,033,461**
	Cost of sales on development business and other	**5,959**	1,486	**54,758**
	Total cost of sales	**118,431**	114,382	**1,088,219**
Gross profit	Gross profit on completed construction contracts	**15,241**	14,089	**140,045**
	Gross profit on development business and other	**1,187**	395	**10,911**
	Gross profit	**16,428**	14,484	**150,956**
Selling, general, and administrative expenses (*2)		**8,580**	7,264	**78,841**
Operating income		**7,848**	7,220	**72,115**
Other income (expenses)	Interest and dividends	**42**	36	**383**
	Foreign exchange losses	**(85)**	-	**(778)**
	Gain on sales of property, plant and equipment (*3)	**7**	3	**64**
	Gain on termination of retirement benefit plan	**48**	-	**445**
	Insurance income	**5**	295	**47**
	Interest expense	**(254)**	(159)	**(2,336)**
	Commission for syndicate loan	**(78)**	(188)	**(718)**
	Design costs	**(73)**	-	**(672)**
	Payment compensation costs	**-**	(57)	**0**
	Loss on sales of property, plant and equipment (*4)	**(0)**	(0)	**(0)**
	Loss on retirement of property, plant and equipment (*5)	**(23)**	(170)	**(213)**
	Other net	**(24)**	(128)	**(220)**
	Other expenses—net	**(435)**	(368)	**(3,998)**
Income before income taxes		**7,413**	6,852	**68,117**
Income taxes	Current	**1,582**	1,225	**14,535**
	Deferred	**715**	563	**6,569**
	Total income taxes	**2,297**	1,788	**21,104**
Net income		**5,116**	5,064	**47,013**
Net income (loss) attributable to noncontrolling interest		**6**	(8)	**63**
Net income attributable to owners of parent		**¥5,110**	¥5,072	**$46,950**
		Yen 2020	Yen 2019	**U.S.Dollars 2020**
Per share of common stock				
Basic net income		**266.39**	263.47	**2.448**
Cash dividends applicable to the year		**50.00**	50.00	**0.459**

See notes to consolidated financial statements

Consolidated Statement of Comprehensive Income
TOBISHIMA CORPORATION

Year ended March 31, 2020

	Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S.Dollars 2020
Net income	**¥5,116**	¥5,064	**$47,013**
Other comprehensive income			
Unrealized gain (loss) on available-for-sale securities	**(634)**	417	**(5,824)**
Foreign currency translation adjustments	**0**	(4)	**1**
Adjustment for retirement benefits	**(330)**	(55)	**(3,039)**
Total other comprehensive income (*1)	**(964)**	358	**(8,862)**
Comprehensive income	**4,152**	5,422	**38,151**
Total comprehensive income			
Attributable to:			
Owners of the parent	**¥4,145**	¥5,430	**$38,083**
Non controlling interest	**7**	(8)	**68**

See notes to consolidated financial statements

Consolidated Statement of Change in Equity
TOBISHIMA CORPORATION

Year ended March 31, 2020

	Thousands		Millions of Yen									
	Outstanding number of Shares						Accumulated Other Comprehensive Income					
	Common Stock	Preferred Stock	Common Stock	Capita Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
Balance, April 1, 2018	**19,310**		**¥5,520**	**¥6,248**	**¥19,415**	**(¥448)**	**¥953**	**¥7**	**¥67**	**¥31,762**	**¥9**	**31,771**
Cash dividends, ¥3 per share					**(770)**					**(770)**		**(770)**
Net income attributable to owners of the parent					**5,072**					**5,072**		**5,072**
Disposal of treasury stock				**(6)**		**8**				**2**		**2**
Purchase of treasury stock						**(15)**				**(15)**		**(15)**
Net changes in the year							**416**	**(3)**	**(55)**	**358**	**(8)**	**350**
Balance, March 31, 2019 (April 1, 2019, as previously reported)	**19,310**		**5,520**	**6,242**	**23,717**	**(455)**	**1,369**	**4**	**12**	**36,409**	**1**	**36,410**
Cash dividends, ¥4 per share					**(963)**					**(963)**		**(963)**
Net income attributable to owners of the parent					**5,110**					**5,110**		**5,110**
Disposal of treasury stock				**(2)**		**2**				**0**		**0**
Purchase of treasury stock						**(127)**				**(127)**		**(127)**
Net changes in the year							**(633)**	**0**	**(331)**	**(964)**	**7**	**(957)**
Balance, March 31, 2020	**19,310**		**¥5,520**	**¥6,240**	**¥27,864**	**(¥580)**	**¥736**	**¥4**	**(¥319)**	**¥39,465**	**¥8**	**¥39,473**

	Thousands of U.S. Dollars									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjustment	Defined Retirement Benefit Plans	Total	Noncontrolling Interests	Total Equity
Balance, March 31, 2019 (April 1, 2019, as previously reported)	**$50,721**	**$57,354**	**$217,926**	**($4,178)**	**$12,583**	**$39**	**$112**	**$334,556**	**$6**	**$334,562**
Cash dividends, $0.04 per share			**(8,842)**					**(8,842)**		**(8,842)**
Net income attributable to owners of the parent			**46,950**					**46,950**		**46,950**
Disposal of treasury stock		**(15)**		**18**				**3**		**3**
Purchase of treasury stock				**(1,169)**				**(1,169)**		**(1,169)**
Net changes in the year					**(5,824)**	**(3)**	**(3,039)**	**(8,866)**	**68**	**(8,798)**
Balance, March 31, 2020	**$50,721**	**$57,339**	**$256,034**	**($5,329)**	**$6,759**	**$36**	**($2,927)**	**$362,632**	**$74**	**$362,706**

See notes to consolidated financial statements

Consolidated Statement of Cash Flow
TOBISHIMA CORPORATION

Year ended March 31, 2020

Operating activities	Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S.Dollars 2020
Income before income taxes	¥7,413	¥6,852	$68,117
Adjustment for:			
Income taxes paid	(1,030)	(1,386)	(9,466)
Depreciation and amortization	830	671	7,625
Disposal of goodwill	69	46	633
(Decrease) in allowance for doubtful accounts	(6)	(3)	(55)
(Decrease) increase in provision for loss on construction contracts	(106)	31	(978)
(Decrease) in liability for retirement benefits	(822)	(746)	(7,550)
Interest and dividend income	(42)	(35)	(383)
Interest expenses	254	(159)	2,336
Foreign exchange gain (losses)	44	(23)	402
Compensation for pneumoconiosis damages	(1)	51	(9)
Gain on sales of property, plant and equipment	(7)	(3)	(64)
Change in assets and liabilities, net of effects			
(Increase) in notes and accounts receivable—trade	(3,905)	(2,902)	(35,886)
(Increase) decrease in real estate for sale	(354)	9	(3,254)
(Increase) in costs on development business and other	(1,946)	-	(17,887)
Decrease (increase) in costs on uncompleted construction contracts and other	719	(355)	6,604
(Increase) in consumption taxes refund receivable	(1,884)	(45)	(17,316)
Decrease (increase) in accounts receivable-other	29	(1,957)	268
(Increase) decrease in other assets	(112)	72	(1,025)
(Decrease) in notes and accounts payable—trade	(4,086)	(22)	(37,544)
(Decrease) increase in advances received on uncompleted construction contracts	(3,005)	2,373	(27,612)
Increase in advances revceived on development business and other	406	-	3,726
Increase in deposits received	5,689	1,928	52,278
(Decrease) in accrued consumption taxes	(412)	(677)	(3,785)
Interest expenses paid	(259)	(160)	(2,378)
(Decrease) increase in other liabilities	(192)	13	(1,760)
Compensation for pneumoconiosis damages paid	(16)	(55)	(142)
Other, net	53	327	484
Total Adjustments	(10,092)	(2,688)	(92,738)
Net cash provided by operating activities	(2,679)	4,164	(24,621)

Investing activities			
Purchase of short-term investment securities	(21,000)	(12,600)	(192,961)
Proceeds from sales of short-term investment securities	21,113	12,600	194,000
Purchase of property, plant and equipment	(1,055)	(1,163)	(9,693)
Proceeds from sales of property, plant and equipment	16	5	146
Purchase of intangible assets	(67)	(128)	(620)
Purchase of investment securities	(4)	(29)	(39)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,373)	-	(12,615)
Payments of loans receivable	(6)	(14)	(55)
Collection of loans receivable	588	73	5,406
Other, net	185	22	1,702
Net cash used in investing activities	(1,603)	(1,234)	(14,729)

Financing activities			
Net increase (decrease) in short-term borrowings	5,038	(84)	46,291
Proceed from long-term borrowings	3,329	287	30,596
Repayments of long-term borrowings	(2,864)	(105)	(26,321)
Cash dividends paid	(962)	(770)	(8,842)
Other, net	(178)	(50)	(1,636)
Net cash used in financing activities	4,363	(722)	40,089
Foreign currency translation adjustments on cash and cash equivalents	(44)	19	(401)
Net increase in cash and cash equivalents	37	2,227	338
Cash and cash equivalents at beginning of year	23,013	20,786	211,461
Cash and cash equivalents, end of year	¥23,050	¥23,013	$211,799

See notes to consolidated financial statements

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2019 consolidated financial statements to conform to the classifications used in 2020.

The consolidated financial statements, except for the notes to them, are stated in Japanese yen, the currency of the country in which Tobishima Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥108.83 to $1, the approximate rate of exchange at March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation — The consolidated financial statements as of March 31, 2020, include the accounts of the Company and its nine (seven in 2019) significant subsidiaries (together, the "Group"). Consolidation of the remaining subsidiaries would not have a material effect on the accompanying consolidated financial statements.

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in the one unconsolidated subsidiary (one unconsolidated subsidiary in 2019) are stated at cost. If the equity method of accounting had been applied to the investment in this company, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

The fiscal years of the subsidiaries are not necessarily the same as the Company's. Accounts of those subsidiaries which have different fiscal periods have been adjusted for significant transactions to properly reflect their financial positions at March 31 of each year and the results of operations for the years then ended.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements — Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification—"FASB ASC") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

c. Cash Equivalents — Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper, and bond funds, all of which mature or become due within three months of the date of acquisition.

d. Inventories
Real estate for sale is stated at cost based on the specific identification method (or net selling value).

Costs on uncompleted construction contracts and others (costs on uncompleted construction contracts) are stated at cost based on the specific identification method.

Costs on uncompleted construction contracts and others, and costs on development business and other (materials and supplies) are stated at cost based on the moving-average method (or net selling value).

Costs on development business and other (costs on development business) are stated at cost based on the specific identification method (or net selling value).

e. Marketable and Investment Securities — Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:
(1) held-to-maturity debt securities, for which there is positive intent and ability to hold to maturity, are reported at amortized cost; and (2) available-for-sale securities, which are not classified as held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

f. Property, Plant and Equipment (excluding leased items) — Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method while the straight-line method is applied to buildings acquired on or after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016.

An overseas consolidated subsidiary has also adopted the straight-line method.

Useful lives and residual values of assets held by the Company and its domestic consolidated subsidiary are in accordance with the regulations stipulated in the "Corporation Tax Law."

g. Intangible Assets (excluding leased items) — Intangible assets (excluding leased items) are amortized using the straight-line method.
Useful lives of these assets are in accordance with regulations stipulated in the "Corporation Tax Law."
Software for internal use is amortized by the straight-line method based on an estimated useful life of five years.

h. Lease Assets — Assets resulting from financial lease transactions for which ownership does not transfer at the end of the lease are deprecated by the straight-line method with the leasing period as the useful life and residual value as zero.

i. Long-Lived Assets — The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Allowance for Doubtful Accounts — To prepare for losses from defaults on sales receivables, loans receivable, and other accounts receivable, the Company reports the estimated uncollectible amounts for general claims based on its past default rates and for specific accounts with acknowledged credit risks based on an evaluation of the possibility of collection on an individual basis.

k. Provision for Warranties for Completed Construction — The provision is recorded in an amount based on the Company's experience, with an additional amount deemed necessary in the future for execution of warranty obligations regarding construction projects.

l. Provision for Loss on Construction Contracts — The provision is recorded in an amount deemed necessary at term end on the basis of estimated losses on construction contracts in the future.

m. Provision for share-based remuneration for directors (and other officers) — The provision is recorded in an amount deemed necessary at term end based on the regulations for share-based remuneration for directors (and other officers).

n. Provision for retirement benefits for directors (and other officers) — The provision is recorded by some consolidated subsidiaries in an amount necessary at term end based on the regulations for retirement benefits for directors (and other officers).

o. Retirement and Pension Plans — The Company has a cash balance plan as a defined benefit corporate pension program. Under this program, a hypothetical individual employee account equivalent to the funded amount and the pension resources for annuities is set up for each plan participant. Seniority points based on length of service, merit points based on the level of competence, and interest credits based on market interest rates are accumulated in the hypothetical account.

In addition, the Company and one consolidated subsidiary had also participated in an employee welfare fund for construction workers, which was a multi-employer plan. This fund was dissolved in September 2016, and while it is currently in the process of liquidation, the dissolution is not expected to result in additional obligations for the Company. One consolidated subsidiary has joined the National Construction Association Pension Fund, a new multi-employer plan that was set up in October 2016. As reasonable estimates are not available for plan assets corresponding to the Company's contribution for the employee pension fund and corporate pension fund programs, the same accounting method as that used for defined contribution programs is applied.

Retirement benefit obligations are calculated using straight-line attribution to allocate projected retirement benefit payments to the end of the current fiscal year.

Unrecognized actuarial loss is amortized over 10 years, within the remaining average service period of employees when recognized, using the straight-line method beginning with the year following recognition.

Unrecognized prior service cost is amortized over five years, within the remaining average service period of employees when recognized, using the straight-line method.

p. Research and Development Costs — Research and development costs are charged to income as incurred.

q. Construction Contracts — Construction revenue and construction costs are recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs, and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on such construction contracts.

r. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

s. Accounting for Consumption Tax — Consumption tax is excluded from sales, cost of sales, and expenses.

t. Per Share Information — Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years including dividends to be paid after the end of the year.

On October 1, 2018, the Company enacted a ten-for-one reverse stock split based on the resolution of the Board of Directors meeting held on May 15, 2018. All prior year share and per share figures have been restated to reflect the impact of the reverse stock split, and to provide data on a basis comparable to the year ended March 31, 2020. Such restatements include calculations regarding the Company's weighted-average number of common shares, basic net income per share and cash dividends per share.

u. New Accounting Pronouncements —

On March 31, 2020, the ASBJ issued ASBJ Statement No. 29 (revised 2020), "Accounting Standard for Revenue Recognition," and ASBJ Guidance No. 30 (revised 2020), "Implementation Guidance on Accounting Standard for Revenue Recognition". The core principle of the standard and guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity should recognize revenue in accordance with that core principle by applying the following steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Company expects to apply the accounting standard and guidance for annual periods beginning on or after April 1, 2021 and is in the process of measuring the effects of applying the accounting standard and guidance in future applicable periods.

On July 4, 2019, the ASBJ issued ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement," ASBJ Guidance No. 31, "Implementation Guidance on Accounting Standard for Fair Value Measurement," ASBJ Statement No. 9 (revised 2019) "Accounting Standard for Measurement of Inventories," and ASBJ Statement No. 10 (revised 2019) "Accounting Standard for Financial Instruments," and on March 31, 2020 ASBJ Guidance No. 19 (revised 2019) "Implementation Guidance on Disclosures about Fair Value of Financial Instruments".

In order to improve comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement," have been developed, and guidance on methods of measuring fair value has been compiled. These standard and guidance will be applied to the following items:

- Financial instruments defined in "Accounting Standard for Financial Instruments"

- Inventories held for trading purposes defined in "Accounting Standard for Measurement of Inventories"

Also, the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" has been revised, and disclosure requirements for fair value hierarchy of financial instruments have been stipulated.

The Company expects to apply these accounting standard and guidance for annual periods beginning on or after April 1, 2021 and is in the process of measuring the effects of applying these accounting standard and guidance in future applicable periods.

On March 31, 2020, the ASBJ issued ASBJ Statement No.24 (revised 2020) "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections". The purpose of this statement is to provide an overview of the principles and procedures for the accounting treatments adopted in cases where the relevant accounting standards are not clear.

The Company expects to apply this accounting standard for annual periods ending on or after March 31, 2021 and is in the process of measuring the effects of applying this accounting standard in future applicable periods.

On March 31, 2020, the ASBJ issued ASBJ Statement No. 31 "Accounting Standard for Disclosure of Accounting Estimates". The purpose of this statement is to disclose information that contribute to understanding of financial statement users regarding the accounting estimates of items recorded in the financial statements for the current fiscal year that have a risk of materially affecting the financial statements for the following fiscal year.

The Company expects to apply this accounting standard for annual periods ending on or after March 31, 2021 and is in the process of measuring the effects of applying this accounting standard in future applicable periods.

v. Additional Information — Summary of performance-linked share-based remuneration plan for directors

At the 76th Ordinary General Meeting of Shareholders held on June 27, 2019, the introduction of performance-linked share-based remuneration plan, or BBT (Board Benefit Trust), for directors (excluding outside directors) has been resolved. The Plan further clarifies the link between remuneration of directors, the Company's performance and prices of the Company's shares for the purpose of heightening awareness about the improvement in medium to long-term business performance and the great contribution to increased corporate value from such performance by sharing not only the benefits of rising stock prices between directors and the shareholders but also the risk of falling stock prices.

The Plan is a performance-linked share-based remuneration plan in which the trust will acquire the Company's shares using money contributed by the Company as the source of funds and directors are provided with the Company's shares and cash equivalent to the market value of the Company' shares through the Trust in accordance with the performance-linked share-based remuneration system established by the Company. As a general rule, directors shall be entitled to receive the Company's shares at the time of retirement.

In line with the introduction of this system in the current consolidated fiscal year, Asset Management Services Trust and Banking Co., Ltd. have acquired 107 thousand shares of the Company's stock. The Company's shares remaining in the trust are included as treasury stock in Net Assets based on the book value of the trust (excluding the amount of incidental expenses). The book value of the concerned treasury stock is ¥ 119 million and the number of shares is 107 thousand at the end of the current consolidated fiscal year.

w. Additional Information — Impact of the COVID-19 pandemic

Although the outlook of the COVID-19 pandemic remains uncertain, the accounting estimates are based on assumption that the amount of impact on the Group's construction revenues would be minor. However, a large number of uncertainties regarding the impact of COVID-19 pandemic could affect the future performance of the Group.

【Notes to the Consolidated Balance Sheet】

1. *6: In this figure, the amounts pertaining to non-consolidated subsidiaries are as follows:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Investment securities (stock)	¥ 0 million	¥ 0 million

2. Assets pledged as collateral

(1) The assets pledged as collateral are as follows.

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
*3 Real estate for sale	¥ 218 million	¥ — million
*5 Costs on development business and other	2,620	—
Total	¥ 2,838 million	¥ — million

The debts related to the above collateral are as follows.

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
*9 Short-term borrowings	¥ 669 million	¥ — million
*11 Long-term borrowings	¥ 2,160	¥ —
Total	¥ 2,829 million	¥ — million

(2) The Company has pledged the following assets as collateral for guarantee money for operations:

	Current fiscal year (as of March 31, 2020	Prior fiscal year (as of March 31, 2019)
*2 Marketable securities	¥ 13 million	¥ 111 million
*6 Investment securities	99	—
*7 Investments and other assets “Other” (Long-term guarantee money)	177	64
Total	¥ 289 million	¥ 285 million

3. *4 *10: With respect to construction contracts that are expected to result in losses, both the costs on uncompleted construction contracts and the provision for loss on construction contracts have been presented in full without being offset

Costs on uncompleted construction contracts related to provisions for loss on construction contracts.

Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
¥ 1 million	¥ 8 million

4. *9 *11: Syndicated term loan agreements

Current fiscal year (as of March 31, 2020) and Prior fiscal year (as of March 31, 2019):

The Company has signed syndicated term loan agreements with financial institutions (total amount: ¥10,000 million), with the following restrictive financial covenants attached:

(a) The Company must maintain the amount of net assets in the consolidated balance sheet at the end of each fiscal year’s closing date more than 75% of the amount of net assets on the consolidated balance sheet as of the end of the fiscal year ending March 2017, and more than 75% of the amount of net assets in the consolidated balance sheet as of the end of the previous fiscal year;

(b) The Company must maintain the amount of net assets in the non-consolidated balance sheet at the end of each fiscal year’s closing date more than 75% of the amount of net assets on the non-consolidated balance sheet as of the end of the fiscal year ending March 2017, and more than 75% of the amount of net assets in the mon-consolidated balance sheet as of the end of the previous fiscal year;

(c) The Company must avoid reporting ordinary loss in the consolidated statement of income presented at the end of each fiscal year for two consecutive years;

(d) The Company must avoid reporting ordinary loss in the nonconsolidated statement of income presented at the end of each fiscal year for two consecutive years.

5. The Company has entered into commitment line agreements with five banks to make flexible and stable procurement of working capital.

Contract maximum amounts and borrowing execution balances at the end of consolidated fiscal years are as follows

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Contract maximum amount	¥ 10,000 million	¥ 10,000 million
Borrowing execution balance	—	—
Deducted amount	¥ 10,000 million	¥ 10,000 million

6. The Company settles accounting treatment of bills etc. matured at the end of the period, on the date or settlement date.

Since the end of the consolidated fiscal year was a holiday for financial institutions, the following notes matured at the end of the period are included in the balance at the end of the period.

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
*1 Notes receivable	¥ — million	¥ 6 million
*1 Electronically recorded receivables	—	¥ 0 million
*8 Notes payable	—	¥ 2 million
*8 Electronically recorded payables	¥ — million	¥ 10 million

【Notes to the Consolidated Statement of Income】

1. *1: Liabilities for loss on construction contracts included in "Cost of sales of completed construction contracts" are as follows:

Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
¥ 25 million	¥ 149 million

2. *2: Major expense items and amounts are as follows:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Provision for share-based remuneration for directors (and other officers)	¥ 15 million	¥ — million
Employee salaries	3,488	3,049
Retirement benefit costs	82	76
Provision for retirement benefits for directors (and other officers)	5	—
Allowance for doubtful accounts	¥ — million	¥ 5 million

3. *2: R&D expenses included in "Selling, general and administrative expenses" are as follows:

Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019))
¥ 676 million	¥ 521 million

4. *3: The breakdown of gain on sales of property, plant and equipment is as follows:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Machinery and equipment	¥ 7 million	¥ 0 million
Others	0	0
Total	¥ 7 million	¥ 3 million

5. *4: The breakdown of loss on sales of property, plant and equipment is as follows:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Vehicles	¥ 0 million	¥ 0 million
Total	¥ 0 million	¥ 0 million

6. *5: The breakdown of loss on retirement of property, plant and equipment is as follows:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Buildings	¥ 22 million	¥ 169 million
Others	1	1
Total	¥ 23 million	¥ 170 million

【Notes to the Consolidated Statement of Comprehensive Income】

*1: “Reclassification adjustment” and “Tax effect” related to other comprehensive income:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Unrealized gain (loss) on available-for-sale securities		
Amount arising during current fiscal year	¥ (911) million	¥ 601 million
Reclassification adjustment	—	—
Adjustment before tax effect	(911)	601
Tax effect	277	(184)
Unrealized gain (loss) on available-for-sale securities	(634)	417
Foreign currency translation adjustment		
Amount arising during current fiscal year	0	(4)
Remeasurements of defined benefit plans		
Amount arising during current fiscal year	(420)	(62)
Reclassification adjustment	(25)	7
Adjustment before tax effect	(445)	(55)
Tax effect	115	—
Remeasurements of defined benefit plans	(330)	(55)
Total other comprehensive income	¥ (964) million	¥ 358 million

【Notes to the Consolidated Statement of Changes in Equity】

Current fiscal year (from April 1, 2019 to March 31, 2020)

1. Type and amount of issued shares

Type of stock	Number of shares at beginning of fiscal year (1,000 shares)	Increase in number of shares during fiscal year (1,000 shares)	Decrease in number of shares during fiscal year (1,000 shares)	Number of shares at fiscal year-end (1,000 shares)
Common stock	19,310	—	—	19,310

2. Type and amount of treasury stock

Type of stock	Number of shares at beginning of fiscal year (1,000 shares)	Increase in number of shares during fiscal year (1,000 shares)	Decrease in number of shares during fiscal year (1,000 shares)	Number of shares at fiscal year-end (1,000 shares)
Common stock	66	112	0	178

Note1: In the Common stocks at the end of the current consolidated fiscal year, 107 thousand shares of the Company's stock held by the Board Benefit Trust (BBT) are included.

Note2: The increase in the number of shares of common stock are due to 5 thousand shares increased by purchased less than one unit of common stock and 107 thousand shares increased by the acquisition of the Company's shares by the Board Benefit Trust (BBT).

Note3: The decrease in the number of shares of common stock is due to 0 thousand shares decreased by sold less than one unit.

3. Notes on equity warrants, etc.

Not applicable

4. Notes on dividends

(1) Amount of dividends paid

Resolution	Type	Total amount of dividend	Source of dividends	Dividend per share	Record date	Effective date
Ordinary General Shareholders’ Meeting on June 27, 2019	Common stock	¥ 962 million	Retained earnings	¥ 50.00	March 31, 2019	June 28, 2019

(2) Dividends with record dates in the current fiscal year, of which the effective date falls in the next fiscal year

Resolution	Type	Total amount of dividend	Source of dividends	Dividend per share	Record date	Effective date
Ordinary General Shareholders’ Meeting on June 26, 2020	Common stock	¥ 962 million	Retained earnings	¥ 50.00	March 31, 2020	June 29, 2020

Prior fiscal year (from April 1, 2018 to March 31, 2019)

1. Type and amount of issued shares

Type of stock	Number of shares at beginning of fiscal year (1,000 shares)	Increase in number of shares during fiscal year (1,000 shares)	Decrease in number of shares during fiscal year (1,000 shares)	Number of shares at fiscal year-end (1,000 shares)
Common stock	193,104	—	173,793	19,310

Note: The decrease in common stock was due to the ten-for-one reverse stock split.

2. Type and amount of treasury stock

Type of stock	Number of shares at beginning of fiscal year (1,000 shares)	Increase in number of shares during fiscal year (1,000 shares)	Decrease in number of shares during fiscal year (1,000 shares)	Number of shares at fiscal year-end (1,000 shares)
Common stock	586	9	530	66

Note1: The increase in common stock was due to the purchase of odd lot shares (8 thousand shares) and the acquisition of odd shares relating to the reverse stock split (one thousand shares).

Note2: The decrease in common stock was due to the reverse stock split (529 thousand shares) and sales of the odd lot shares relating to the reverse stock split (one thousand shares).

3. Notes on equity warrants, etc.

Not applicable

4. Notes on dividends

(1) Amount of dividends paid

Resolution	Type	Total amount of dividend	Source of dividends	Dividend per share	Record date	Effective date
Ordinary General Shareholders' Meeting on June 28, 2018	Common stock	¥ 770 million	Retained earnings	¥ 4.00	March 31, 2018	June 30, 2018

Note: The amount of dividends per share includes a bonus dividend of ¥ 1.00.

(2) Dividends with record dates in the current fiscal year, of which the effective date falls in the next fiscal year

Resolution	Type	Total amount of dividend	Source of dividends	Dividend per share	Record date	Effective date
Ordinary General Shareholders' Meeting on June 27, 2019	Common stock	¥ 962 million	Retained earnings	¥ 50.00	March 31, 2019	June 28, 2019

【Lease Transactions】

1. Finance lease transactions (as lessee)

Nontransferable ownership finance leases

(1) Content of lease assets

Tangible assets:

Vehicles, machinery and equipment

(2) Method of depreciation of lease assets

Please see "h. Lease Assets" under Summary of Significant Accounting Policies

2. Operating lease transactions (as lessee)

Payments related to unexpired portions of non-cancellable operating lease transactions

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Due within one year	¥ 503 million	¥ 495 million
Due after one year	411	900
Total	¥ 914 million	¥ 1,395 million

#【Financial Instruments and Related Disclosures】

1. Status of financial instruments

(1) Group policy for financial instruments

The Company upholds its policy of limiting its fund management to the use of short-term deposits, etc., based on its funding plan, and undertakes fund procurement primarily through bank loans. The use of derivatives is limited to forward exchange contracts for hedging the risk of fluctuations in the foreign exchange market in foreign currency-denominated transactions and interest rate swaps, etc., for hedging the risk of fluctuations in interest rates on loans. The Company does not engage in derivatives for speculative purposes.

(2) Nature and extent of risk arising from financial instruments and risk management for financial instruments

While trade receivables such as notes receivable and accounts receivable from completed construction contracts are subject to the credit risk of customers, the Company operates under a system that alleviates such credit risk as much as possible through stringent credit management, from credit control of business associates at the order receiving stage to collection of accounts receivable from construction contracts.

Securities and investment securities consist primarily of equity in companies with which the Company maintains business relationships and government bonds pledged as collateral for guarantee money for operations, etc. While these securities are subject to the risk of fluctuations in market price, etc., the Company regularly monitors the fair value of the security and the financial condition of the issuer, and continuously reviews the state of its holdings.

Trade payables such as notes payable and accounts payable for construction contracts are mostly due within one year.

Short-term borrowings are primarily funds procured in relation to operational transactions.

While trade payable and loans payable are subject to liquidity risk related to fund procurement, the Company manages such risks through measures that include estimating the balance of funding requirements and formulating funding plans for effective and appropriate fund procurement.

With respect to the management and implementation of derivative transactions, risks inherent in the object of the hedge and hedging methods are clearly identified and trading authority, etc., determined under the Management Guidelines for Derivatives. The Company did not engage in any derivative transactions as of the end of the current fiscal year.

2. Fair value of financial instruments

The carrying amounts, fair values, and the unrealized gain (loss) between them are as follows: Financial instruments for which fair value cannot be reliably determined are excluded from the list below (see Note 3).

Current fiscal year (as of March 31, 2020)

	Carrying amount (Millions of yen)	Fair value (Millions of yen)	Unrealized gain (loss) (Millions of yen)
Assets			
(1) Cash and cash equivalents	**¥ 23,050**	**¥ 23,050**	**¥ —**
(2) Notes receivable, accounts receivable from completed construction contracts, and other	**56,007**		
Allowance for doubtful accounts (Note 1)	**(5)**		
Difference	**56,002**	**56,002**	**—**
(3) Account receivable-other	**6,621**	**6,621**	
(4) Securities and investment securities			
Available-for-sale securities	**3,769**	**3,769**	**—**
Liabilities			
(5) Notes payable, accounts payable for construction contracts, and other	**31,804**	**31,804**	**—**
(6) Short-term borrowings	**5,651**	**5,651**	**—**
(7) Long-term borrowings (Note2)	**¥ 14,246**	**¥ 14,246**	**¥ —**

Prior fiscal year (as of March 31, 2019)

	Carrying amount (Millions of yen)	Fair value (Millions of yen)	Unrealized gain (loss) (Millions of yen)
Assets			
(1) Cash and cash equivalents	¥ 23,013	¥ 23,013	¥ —
(2) Notes receivable, accounts receivable from completed construction contracts, and other	52,089		
Allowance for doubtful accounts (Note 1)	(8)		
Difference	52,081	52,081	—
(3) Account receivable-other	6,639	6,639	
(4) Securities and investment securities			
Available-for-sale securities	4,777	4,777	—
Liabilities			
(5) Notes payable, accounts payable for construction contracts, and other	35,890	35,890	—
(6) Short-term borrowings	33	33	—
(7) Long-term borrowings (Note2)	¥ 10,490	¥ 10,490	¥ —

Note 1: Specific allowances for doubtful accounts relevant to (2) Notes receivable, accounts receivable from completed construction contracts, and other, and (3) Account receivable have been deducted.

Note 2: (7) Long-term borrowings includes current portion of long-term debt.

Note 3: Method for calculating the fair value of financial instruments and matters related to securities

(1) Cash and cash equivalents (2) Notes receivable, accounts receivable from completed construction contracts, and other, and (3) Account receivable:

The carrying amounts of these assets approximate fair value since they are settled within a short period of time.

(4) Securities and investment securities:

The fair value of a stock is determined by the price at which it is traded on an exchange, and the fair value of a bond is determined by the price at which it is traded on an exchange or the price quoted by financial institutions.

Since the joint operation designated money trusts etc. are settled within a short period of time, the fair value is approximately equal to the carrying amount, so it is based on the book value.

Securities are held as available-for-sale securities, and related notes have been presented under "Securities."

(5) Notes payable, accounts payable for construction contracts and other, and (6) Short-term borrowings :

The carrying amounts approximate fair value since they are settled within a short period of time.

(7) Long-term borrowings:

Since long-term borrowings are based on variable interest rates that reflect short-term market rates, the relevant carrying amounts are considered to approximate fair value.

Note 4: Carrying amounts of financial instruments for which fair values cannot be reliably determined:

Classification	**Current fiscal year (as of March 31, 2020)**	Prior fiscal year (as of March 31, 2019)
Unlisted stocks	**¥ 1,757 million**	¥ 1,832 million

The above-listed securities, for which fair value is extremely difficult to determine since they do not have a market price, have been excluded from "(3) Securities and investment securities – Available-for-sale securities."

Note 5: Maturity analysis for financial assets and securities with contractual maturities:

Current fiscal year (as of March 31, 2020)

	Due in one year or less (Millions of yen)	Over one year within five years (Millions of yen)	Over five years within ten years (Millions of yen)	Over ten years (Millions of yen)
Cash and cash equivalents	**¥ 23,245**	**¥ —**	**¥ —**	**¥ —**
Notes receivable, accounts receivable from completed construction contracts, and other	**56,007**	**—**	**—**	**—**
Account receivable-other	**6,622**	**—**	**—**	**—**
Securities and investment securities				
Available-for-sale securities with maturity dates				
Government bonds	**13**	**69**	**23**	**—**
Joint operations monetary trusts	**1,500**	**—**	**—**	**—**
Total	**¥ 87,387**	**¥ 69**	**¥ 23**	**¥ —**

Prior fiscal year (as of March 31, 2019)

	Due in one year or less (Millions of yen)	Over one year within five years (Millions of yen)	Over five years within ten years (Millions of yen)	Over ten years (Millions of yen)
Cash and cash equivalents	¥ 23,013	¥ —	¥ —	¥ —
Notes receivable, accounts receivable from completed construction contracts, and other	52,089	—	—	—
Account receivable-other	6,639	—	—	—
Securities and investment securities				
Available-for-sale securities with maturity dates				
Government bonds	113	75	28	—
Joint operations monetary trusts	1,500	—	—	—
Total	¥ 83,354	¥ 75	¥ 28	¥ —

Note 6: Long-term borrowings

Long-term borrowings at March 31, 2020 and 2019, consisted of loans from banks. The annual interest rates applicable to the long-term borrowings ranged from 0.65 % to 2.40 % and from 0.58 % to 1.56 % at March 31, 2020 and 2019, respectively .

Amounts to be repaid for long-term borrowings payable (excluding the current portion) for five years subsequent to March 31, 2020, are as follows:

	Due after one year but in two years or less (Millions of yen)	Due after two years but in three years or less (Millions of yen)	Due after three years but in four years or less (Millions of yen)	Due after four years but in five years or less (Millions of yen)
Long-term borrowings payable	**¥ 2,040**	**¥ 1,362**	**¥ 30**	**¥ 19**

【Securities】

1. Marketable available-for-sale securities

Current fiscal year (as of March 31, 2020)

	Carrying amount (Millions of yen)	Acquisition cost (Millions of yen)	Unrealized gain (loss) (Millions of yen)
(1) Securities and investment securities with carrying amounts that exceed their acquisition costs			
Stock	**¥ 2,142**	**¥ 1,067**	**¥ 1,074**
Bonds			
Government bonds, etc.	**107**	**104**	**2**
Subtotal	**2,249**	**1,171**	**1,076**
(2) Securities and investment securities having acquisition costs that exceed their carrying amounts			
Stock	**20**	**35**	**(14)**
Others			
Joint operations monetary trusts	**1,500**	**1,500**	**—**
Subtotal	**1,520**	**1,535**	**(14)**
Total	**¥ 3,769**	**¥ 2,706**	**¥ 1,062**

Prior fiscal year (as of March 31, 2019)

	Carrying amount (Millions of yen)	Acquisition cost (Millions of yen)	Unrealized gain (loss) (Millions of yen)
(1) Securities and investment securities with carrying amounts that exceed their acquisition costs			
Stock	¥ 3,041	¥ 1,062	¥ 1,979
Bonds			
Government bonds, etc.	220	216	4
Subtotal	3,261	1,278	1,983
(2) Securities and investment securities having acquisition costs that exceed their carrying amounts			
Stock	16	25	(9)
Others			
Joint operations monetary trusts	1,500	1,500	—
Subtotal	1,516	1,525	(9)
Total	¥ 4,777	¥ 2,803	¥ 1,974

2. Available-for-sale securities sold

Current fiscal year (from April 1, 2019 to March 31, 2020)

	Total value sold	Total gain on sales	Total loss on sales
Stocks	**¥ 123 million**	**¥ —million**	**¥ —million**

Prior fiscal year (from April 1, 2018 to March 31, 2019)

	Total value sold	Total gain on sales	Total loss on sales
Stocks	¥ 14 million	¥ 0 million	¥ 0 million

3. Securities for which impairment was recognized

Current fiscal year (from April 1, 2019 to March 31, 2020)

Omitted due to immateriality.

Prior fiscal year (from April 1, 2018 to March 31, 2019)

Omitted due to immateriality.

【Derivative Transactions】

There are no applicable items since the Company does not engage in derivative transactions.

【Retirement Benefits】

1. Description of retirement benefit plan

The Company has a cash balance plan as a defined benefit corporate pension program and a defined contribution plan as a defined contribution corporate pension program. Under the defined benefit program, a hypothetical individual employee account equivalent to the funded amount and the pension resources for annuities is set up for each plan participant. Seniority points based on length of service, merit points based on level of competence, and interest credits based on market interest rates are accumulated in the hypothetical account.

Some of the consolidated subsidiaries have joined the Smaller Enterprise Retirement Allowance Mutual Aid program, and one consolidated subsidiary has joined the comprehensive foundation corporate pension fund. These apply the same accounting method as that used for defined contribution programs.

In addition, in the lump-sum retirement benefit plan subsidized by some consolidated subsidiaries, liabilities related to retirement benefits and retirement benefit expenses are calculated by the simplified method.

Some consolidated subsidiaries have switched from the lump-sum retirement benefit plan to the Smaller Enterprise Retirement Allowance Mutual Aid program during the current fiscal year.

2. Defined benefit program

(1) Adjustments to balance of projected benefit obligation at beginning and end of fiscal year:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Balance of projected benefit obligation as of the beginning of the current fiscal year	¥ 7,264 million	¥ 7,655 million
Service cost	299	305
Interest cost	72	76
Recognized actuarial gain/loss	7	(5)
Retirement benefit payment	(445)	(767)
Decrease due to termination of retirement benefit plan	(48)	—
Increase due to new consolidation	44	—
Balance of projected benefit obligation as of the end of the current fiscal year	¥ 7,193 million	¥ 7,264 million

Note: For consolidated subsidiaries, the simplified method is adopted in calculating retirement benefit obligations.

(2) Adjustments to balance of plan assets at beginning and end of fiscal year:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Balance of assets as of the beginning of the current fiscal year	¥ 6,803 million	¥ 6,504 million
Expected return on plan assets	170	162
Recognized actuarial gain	(414)	(67)
Contribution by company	943	969
Retirement benefit payment	(440)	(765)
Balance of assets as of the end of the current fiscal year	¥ 7,062 million	¥ 6,803 million

(3) Adjustments between retirement benefit obligation and plan assets and liabilities and assets related to retirement benefits recorded in the consolidated statement of operations:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Retirement benefit liability of funded plan	¥ 7,120 million	¥ 7,193 million
Plan assets	(7,063)	(6,803)
Subtotal	57	390
Retirement benefit liability of unfunded plan	73	72
Net liability/asset recorded in consolidated statement of operations	130	462
Retirement benefit liability	130	462
Retirement benefit asset	—	—
Net liability/asset recorded in consolidated statement of operations	¥ 130 million	¥ 462 million

(4) Breakdown of net periodic benefit costs by item:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Service cost	¥ 299 million	¥ 305 million
Interest cost	72	76
Expected return on plan assets	(170)	(162)
Recognized actuarial loss	(26)	7
Net periodic benefit costs for defined benefit program	¥ 175 million	¥ 226 million

Note: Retirement benefit expenses of consolidated subsidiaries that adopt the simplified method are included in "service cost."

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2019 and 2020

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Actuarial gain/loss	¥ (445) million	¥ (54) million
Total	¥ (445) million	¥ (54) million

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2019 and 2020

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Unrecognized actuarial gain/loss	**¥ 434 million**	¥ (12) million
Total	**¥ 434 million**	¥ (12) million

(7) Plan assets

Principal components of plan assets

The ratio of major asset categories to total plan assets are as follows:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Bonds	**59 %**	57 %
Stock	**33 %**	38 %
Other	**8 %**	5 %
Total	**100 %**	100 %

Method of setting expected long-term rate of return

The Company sets the expected long-term rate of return on plan assets based on the current and expected allocation of plan assets and the current and expected long-term rate of return of the various assets that comprise the plan assets.

(8) Actuarial assumptions

Significant actuarial assumptions as of the end of the current fiscal year are as follows:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Discount rate	**1.0 %**	1.0 %
Expected long-term rate of return	**2.5 %**	2.5 %
Assumed salary increase rate	**4.4 %**	5.4 %

Note: The assumed salary increase rate was calculated based on a pension point system.

3. Defined contribution programs, and others

The Company and its consolidated subsidiaries' contributions to the defined contribution and other programs amounted to ¥ 89 million for the current fiscal year and ¥ 76 million for the prior fiscal year.

【Equity】

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

(b) Increases/Decreases and transfer of common stock, reserve, and surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account that was charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

On October 1, 2018, the Company effected a ten-for-one reverse stock split based on the resolution of the Board of Directors meeting held on May 15, 2018.

【Stock Options】

Not applicable:

【Income Taxes】

1. The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.6% and 30.6% for the years ended March 31, 2020 and 2019. The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2020 and 2019, are as follows:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Deferred tax assets		
Tax loss carryforwards (Note)	¥ 32 million	¥ 437 million
Loss on valuation of real estate for sale	1,477	1,474
Impairment loss	1,072	1,074
Other	1,080	1,210
Deferred tax assets subtotal	3,661	4,195
Less valuation allowance for tax loss carryforwards	(32)	(102)
Less valuation allowance for deductible temporary difference	(3,223)	(3,188)
Valuation allowance	(3,255)	(3,290)
Deferred tax assets total	406	905
Deferred tax liabilities		
Unrealized loss on available-for-sale securities	(327)	(605)
Deferred tax liabilities total	(327)	(605)
Net deferred tax liabilities	¥ 79 million	¥ 300 million

Note: The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2020 is as follows:

Millions of Yen

March 31, 2020	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	0	3	2	2	1	24	¥ 32
Less valuation allowances for tax loss carryforwards	(0)	(3)	(2)	(2)	(1)	(24)	(32)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	—	—	—	—

Millions of Yen

March 31, 2019	1 Year or Less	After 1 Year through 2 Years	After 2 Years through 3 Years	After 3 Years through 4 Years	After 4 Years through 5 Years	After 5 Years	Total
Deferred tax assets relating to tax loss carryforwards	2	0	3	337	2	93	¥ 437
Less valuation allowances for tax loss carryforwards	(2)	(0)	(3)	(2)	(2)	(93)	(102)
Net deferred tax assets relating to tax loss carryforwards	—	—	—	335	—	—	335

2. A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2020 and 2019, is as follows:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Statutory tax rate	— %	30.6 %
(Reconciliation)		
Permanently non-deductible income	— %	2.1 %
Permanently non-deductible expenses	— %	(0.0) %
Per capita inhabitant tax	— %	1.7 %
Valuation allowance	— %	(8.3) %
Effective tax rate after application of tax effect accounting	— %	26.1 %

Note: Omitted for the current consolidated fiscal year since the difference between the statutory tax rate and effective tax rate after application of tax effect accounting is less than 5/100 of the statutory tax rate.

【Business Combinations and Business Divestitures】

Omitted due to immateriality.

【Asset Retirement Obligation】

Current fiscal year (as of March 31, 2020) and prior fiscal year (as of March 31, 2019)
Omitted due to immateriality.

【Investment Property】

The Company holds office buildings and land, etc., for rent in Kanagawa Prefecture and other areas. A portion of the land and buildings in Japan where its offices, etc., are located are rented, and these are recognized as "Real estate including portions for rent and other purposes."
The consolidated balance sheet amount, increase/decrease during the current fiscal year, fair value as of the end of the current term for real estate for rent and other, and real estate including portions for rent and other purposes are as follows:

			Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Real estate for rent and other	Carrying amount	Balance as of the beginning of the fiscal year (Millions of yen)	**¥ 10,943**	¥ 9,906
		Increase(decrease) during the fiscal year (Millions of yen)	**(5)**	(1,020)
		Balance as of the end of the fiscal year (Millions of yen)	**10,938**	8,886
	Fair value as of the end of the fiscal year (Millions of yen)		**11,402**	9,289
Real estate including portions for rent and other purposes	Carrying amount	Balance as of the beginning of the fiscal year (Millions of yen)	**349**	357
		Increase(decrease) during the fiscal year (Millions of yen)	**2**	(8)
		Balance as of the end of the fiscal year (Millions of yen)	**351**	349
	Fair value as of the end of the fiscal year (Millions of yen)		**¥ 531**	¥ 521

Note 1: The carrying amounts were calculated by subtracting the accumulated depreciation from the purchasing price.
Note 2: Primary factors for the increase/decrease during the current fiscal year include: increases of ¥301 million due to the acquisition of office building for rent through renovation and decreases of ¥ 19 million due to a partial disposal of facilities associated with renovation of office building for rent and ¥ 283 million due to depreciation.
With the increase in the number of consolidated subsidiaries, the beginning balance of real estate for rent and other increased ¥2,056 million.
Primary factors for the increase/decrease during the prior fiscal year include: increases of ¥515 million due to the acquisition of offices for rent through renovation and decreases of ¥1,240 million due to a reclassification of real estate for rent as assets used by the Company, ¥ 62 million due to disposal of idle assets and ¥233 million due to depreciation.
Note 3: Fair values as of the end of the fiscal years are based on real estate appraisal reports submitted by external real estate appraisers. Some of the figures were adjusted based on appraisal values and indices in cases where no substantial changes have occurred in indices that are considered to accurate reflections of appraisal value and market price since the most recent appraisal.

The following are the income/loss on real estate for rent and other purposes and real estate including portions for rent and other purposes for the current fiscal year.

		Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Real estate for rent and other purposes	Rent revenue (Millions of yen)	**¥ 921**	¥ 766
	Rent expenses (Millions of yen)	**667**	568
	Rent income/loss (Millions of yen)	**254**	197
	Other income/loss (Millions of yen)	**(22)**	(163)
Real estate including portions for rent and other purposes	Rent revenue (Millions of yen)	**9**	10
	Rent expenses (Millions of yen)	**1**	1
	Rent income/loss (Millions of yen)	**8**	9
	Other income/loss (Millions of yen)	**¥ —**	¥ —

Note: Rent revenue is accounted for under "Net sales of development business and other" and rent expenses are accounted for under "Cost of sales on development business and other."

【Segment Information】

Segment Information

1. Overview of reportable segments
   The reportable segments of the Company are constituent units of the Company for which separate financial information can be obtained and regularly examined by the Board of Directors to determine the allocation of management resources and evaluate business performance.
   The Company is engaged in operations consisting primarily of businesses related to construction work in general centered on civil engineering and architecture, and additional general businesses related to real estate owned by the Company.
   The Company is therefore composed of segments related to these businesses, and reports on the following segments: Civil Engineering business, Architecture business and Development business.
   The Civil Engineering business involves performing civil engineering work and other contingent businesses and the Architecture business involves performing construction work and other contingent businesses. The Development business involves real estate development, housing sales, real estate leasing, and other businesses that do not belong to either the Civil Engineering business or the Architecture business.

2. Methods of measurement for the amounts of sales, income/loss, assets, and other items for each reportable segment
   The accounting policies of each reportable segment are consistent with those disclosed in "Significant Issues Fundamental to the Preparation of Consolidated Financial Statements."
   Income reported for the segments are figures based on operating income/loss.
   Figures for intersegment sales and transactions are based on current market values.

Current fiscal year (from April 1, 2019 to March 31, 2020) (Millions of yen)

	Civil Engineering Business	Architecture Business	Development Business	Total	Adjusted amount (Note 1)	Consolidated (Note 2)
Net sales						
Sales to third parties	**¥ 77,624**	**¥ 50,088**	**¥ 7,147**	**¥ 134,859**	**¥ —**	**¥ 134,859**
Intersegment sales and transactions	**—**	**—**	**139**	**139**	**(139)**	**—**
Total	**77,624**	**50,088**	**7,286**	**134,998**	**(139)**	**134,859**
Segment income	**8,149**	**1,746**	**243**	**10,138**	**(2,290)**	**7,848**
Segment assets	**70,219**	**30,238**	**21,143**	**121,600**	**204**	**121,804**
Other items						
Depreciation	**236**	**132**	**462**	**830**	**—**	**830**
Increase in property, plant and equipment and intangible assets	**¥ 467**	**¥ 313**	**¥ 2,586**	**¥ 3,366**	**¥ —**	**¥ 3,366**

Note 1: Amounts have been adjusted as follows:
(1) Adjusted amount of (¥ 2,289) million under "Segment income/loss" includes (¥ 139) million in elimination of intersegment transactions and (¥ 2,150) million in total corporate operating expenses that are not allocated to the reportable segments.
Total corporate operating expenses are selling, general and administrative expenses not attributable to the reportable segments.
(2) Adjusted amount of ¥ 203 million under "Segment assets" includes ¥ 204 million in total corporate assets that are not allocated to the reportable segments. Total corporate assets primarily comprise assets related to surplus operational funds (deposits) and assets related to the administrative departments of the Company.
Note 2: Adjustments have been made between "Segment income" and "Operating income" in the consolidated statement of income.

Prior fiscal year (from April 1, 2018 to March 31, 2019) (Millions of yen)

	Civil Engineering Business	Architecture Business	Development Business	Total	Adjusted amount (Note 1)	Consolidated (Note 2)
Net sales						
Sales to third parties	¥ 79,216	¥ 47,769	¥ 1,881	¥ 128,866	¥ —	¥ 128,866
Intersegment sales and transactions	—	—	125	125	(125)	—
Total	79,216	47,769	2,006	128,991	(125)	128,866
Segment income	6,222	2,757	240	9,220	(1,999)	7,220
Segment assets	70,092	26,759	12,491	109,342	244	109,586
Other items						
Depreciation	201	125	342	669	—	669
Increase in property, plant and equipment and intangible assets	¥ 337	¥ 237	¥ 824	¥ 1,399	¥ —	¥ 1,399

Note 1: Amounts have been adjusted as follows:
(1) Adjusted amount of (¥ 1,999) million under "Segment income/loss" includes (¥ 125) million in elimination of intersegment transactions and (¥ 1,874) million in total corporate operating expenses that are not allocated to the reportable segments. Total corporate operating expenses are selling, general and administrative expenses not attributable to the reportable segments.
(2) Adjusted amount of ¥ 244 million under "Segment assets" includes ¥ 253 million in total corporate assets that are not allocated to the reportable segments. Total corporate assets primarily comprise assets related to surplus operational funds (deposits) and assets related to the administrative departments of the Company.
Note 2: Adjustments have been made between "Segment income" and "Operating income" in the consolidated statement of income.

【Related Information】

Current fiscal year (from April 1, 2019 to March 31, 2020)

1. Information by product and service
Omitted since similar information is presented in Segment Information.

2. Information by geographical representation
(1) Net sales
Omitted since net sales in Japan account for more than 90% of net sales presented in the consolidated statement of income.
(2) Property, plant and equipment
Omitted since the monetary value of property, plant and equipment located in Japan accounts for more than 90% of the monetary value of property, plant and equipment presented in the consolidated balance sheet.

3. Information by major client
Omitted since there are no external clients that account for 10% or more of net sales in the consolidated statements of income.

Prior fiscal year (from April 1, 2018 to March 31, 2019)

1. Information by product and service
Omitted since similar information is presented in Segment Information.

2. Information by geographical representation
(1) Net sales
Omitted since net sales in Japan account for more than 90% of net sales presented in the consolidated statement of income.
(2) Property, plant and equipment
Omitted since the monetary value of property, plant and equipment located in Japan accounts for more than 90% of the monetary value of property, plant and equipment presented in the consolidated balance sheet.

3. Information by major client

(Millions of yen)

Name or full name of customer	Net sales	Related name of segment
Ministry of Land, Infrastructure and Transport	¥ 13,429	Civil Engineering business and Architecture business

【Information on Impairment Loss on Fixed Assets by Reportable Segment】

Current fiscal year (from April 1, 2019 to March 31, 2020)
Not applicable

Prior fiscal year (from April 1, 2018 to March 31, 2019)
Not applicable

【Information on Amortization of Goodwill and Balance of Unamortized Goodwill by Reportable Segment】

Current fiscal year (from April 1, 2019 to March 31, 2020)

	Civil Engineering Business	Architecture Business	Development Business	Total	Eliminations	Total
Amortization	¥ 46	¥ 0	¥ 23	¥ 69	¥ —	¥ 69
Balance	¥ 136	¥ 1	¥ 92	¥ 229	¥ —	¥ 229

Prior fiscal year (from April 1, 2018 to March 31, 2019)

	Civil Engineering Business	Architecture Business	Development Business	Total	Eliminations	Total
Amortization	¥ 45	¥ 0	¥ 0	¥ 45	¥ —	¥ 45
Balance	¥ 181	¥ 1	¥ 0	¥ 182	¥ —	¥ 182

【Information on Gain on Negative Goodwill by Reportable Segment】

Current fiscal year (from April 1, 2019 to March 31, 2020) and Prior fiscal year (from April 1, 2018 to March 31, 2019)

Not applicable

【Transactions with Related Parties】

Current fiscal year (from April 1, 2019 to March 31, 2020) and prior fiscal year (from April 1, 2018 to March 31, 2019)

Not applicable

【Per Share Information】

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Net assets per share	¥ 2,062.77	¥ 1,891.96
Net income per share	¥ 266.39	¥ 263.47

Note 1: Diluted net income/loss per share for the current fiscal year is not shown because there were no potentially dilutive shares outstanding.

Note 2: The Company executed a ten-for-one reverse split of common shares as of October 1st, 2018. Net assets per share and Net income per share have been calculated assuming that the reverse split of shares was executed on the beginning of the prior fiscal year.

Note 3: The basis for calculating net income/loss per share is as follows:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 to March 31, 2019)
Net income attributable to owners of the parent (millions of yen)	¥ 5,110	¥ 5,072
Amounts not applicable to common stockholders (millions of yen)	—	—
Net income attributable to owners of the parent related to common stock (millions of yen)	¥ 5,110	¥ 5,072
Average number of common stock outstanding during term (1,000 shares)	19,181	19,248

In order to calculate net income per share for the term, the number of shares held by Board Benefit Trust (BBT) are included in treasury shares, which are subtracted in calculating the average number of common stocks outstanding during term.
The average number of treasury stock was 129 thousand during the current consolidated fiscal year and 61 thousand during the previous fiscal year. In these, the average number held by BBT was 60 thousand during the current consolidated fiscal year and none during the previous fiscal year.

Note 4: The basis of calculation for net assets per share is as follows:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Total net assets (millions of yen)	¥ 39,473	¥ 36,410
Deduction from net assets (millions of yen)	8	0
Minority interests (millions of yen)	(8)	0
Term-end amount allocated to common stock (millions of yen)	¥ 39,465	¥ 36,409
Number of common stock used to calculate net assets per share (1,000 shares)	19,132	19,244

In order to calculate net assets per share at the term end, the number of shares held by Board Benefit Trust (BBT) are included in treasury shares, which are subtracted from the number of outstanding common stocks at term end.
The number of treasury stock at term end was 178 thousand for the current consolidated fiscal year and 66 thousand for the previous fiscal year. In these, the number held by BBT at term end was 107 thousand for the current consolidated fiscal year and none for the previous fiscal year.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Tobishima Corporation:

Opinion

We have audited the consolidated financial statements of Tobishima Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Member of
Deloitte Touche Tohmatsu Limited

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 26, 2020

Nonconsolidated Balance Sheet
TOBISHIMA CORPORATION

As of March 31, 2020

ASSETS		Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S.Dollars 2020
Current assets	Cash and cash equivalents	**¥21,067**	¥21,716	**$193,575**
	Marketable securities (*2)	**1,513**	1,613	**13,901**
	Notes receivable (*1)	**7**	26	**62**
	Accounts receivable from completed construction contracts	**54,441**	50,052	**500,245**
	Accounts receivable-other	**6,491**	6,729	**59,645**
	Allowance for doubtful accounts	**(4)**	(100)	**(41)**
	Costs on uncompleted construction contracts	**1,339**	1,862	**12,308**
	Real estate for sale	**391**	402	**3,590**
	Electronically recorded monetary claims- operating	**10**	6	**96**
	Other	**2,287**	338	**21,016**
	Total current assets	**87,542**	82,644	**804,397**
Property, plant and equipment	Buildings	**13,858**	13,333	**127,333**
	Accumulated depreciation	**(7,279)**	(7,173)	**(66,885)**
	Buildings, net	**6,579**	6,160	**60,448**
	Structures	**391**	391	**3,588**
	Accumulated depreciation	**(326)**	(322)	**(2,995)**
	Structures, net	**65**	69	**593**
	Machinery and equipment	**2,117**	1,747	**19,454**
	Accumulated depreciation	**(1,468)**	(1,372)	**(13,487)**
	Machinery and equipment, net	**649**	375	**5,967**
	Vehicles	**105**	95	**966**
	Accumulated depreciation	**(89)**	(77)	**(819)**
	Vehicles, net	**16**	18	**147**
	Tools, furniture and fixtures	**1,242**	1,266	**11,414**
	Accumulated depreciation	**(1,099)**	(1,138)	**(10,098)**
	Tools, furniture and fixtures, net	**143**	128	**1,316**
	Land	**7,000**	7,000	**64,324**
	Lease assets	**51**	68	**471**
	Accumulated depreciation	**(19)**	(37)	**(179)**
	Lease assets, net	**32**	31	**292**
	Construction in progress	**234**	444	**2,154**
	Total property, plant and equipment	**14,718**	14,225	**135,241**
Investments and other assets	Investment securities (*3)	**3,998**	4,990	**36,737**
	Stocks of subsidiaries	**3,585**	1,530	**32,944**
	Investments in capital	**221**	223	**2,028**
	Long-term loans receivable	**201**	239	**1,844**
	Long-term loans receivable for employees	**22**	27	**205**
	Intangible assets	**338**	386	**3,102**
	Long-term loans receivable from subsidiaries and associates	**300**	-	**2,757**
	Long-term prepaid expenses	**60**	59	**553**
	Prepaid pension cost	**376**	-	**3,454**
	Deferred tax assets	**-**	295	**-**
	Other (*4)	**1,217**	1,092	**11,179**
	Allowance for doubtful accounts	**(201)**	(201)	**(1,845)**
	Total investments and other assets	**10,117**	8,640	**92,958**
Total		**¥112,377**	¥105,509	**$1,032,596**

See notes to nonconsolidated financial statements

Nonconsolidated Balance Sheet
TOBISHIMA CORPORATION

As of March 31, 2020

LIABILITIES AND EQUITY		Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S.Dollars 2020
Current liabilities	Notes payable-trade	**¥700**	¥1,495	**$6,432**
	Accounts payable for construction contracts	**22,082**	20,981	**202,906**
	Short-term borrowings (*5)	**15,000**	-	**137,830**
	Lease obligations	**10**	11	**95**
	Income taxes payable	**1,210**	575	**11,121**
	Advances received on uncompleted construction contracts	**4,905**	7,909	**45,070**
	Deposits received	**19,299**	13,766	**177,327**
	Provision for warranties for completed construction	**251**	308	**2,306**
	Provision for loss on construction contracts	**339**	446	**3,116**
	Electronically recorded obligations- operating	**7,742**	11,678	**71,138**
	Other	**1,679**	1,928	**15,429**
	Total current liabilities	**73,217**	59,097	**672,770**
Long-term liabilities	Lease obligations	**25**	22	**225**
	Deferred tax liabilities	**75**	-	**692**
	Provision for share-based remuneration for directors (and other officers)	**15**	-	**136**
	Provision for retirement benefits	**-**	402	**-**
	Long-term borrowings (*6)	**-**	10,000	**-**
	Asset Retirement Obligations	**62**	62	**570**
	Other	**240**	284	**2,207**
	Total long-term liabilities	**417**	10,770	**3,830**
	Total liabilities	**73,634**	69,867	**676,600**
Equity	Common stock-authorized, 40,000 thousand shares; Issued, 19,310 thousand shares	**5,520**	5,520	**50,721**
	Capital surplus			
	Legal capital surplus	**2,980**	2,980	**27,383**
	Other capital surplus	**3,260**	3,262	**29,956**
	Total capital surplus	**6,240**	6,242	**57,339**
	Retained earnings			
	Other retained earnings	**26,821**	22,963	**246,444**
	Retained earnings brought forward	**26,821**	22,963	**246,444**
	Total retained earnings	**26,821**	22,963	**246,444**
	Treasury stock-at cost: 71,203 Shares	**(580)**	(455)	**(5,329)**
	Total shareholders' equity	**38,001**	34,270	**349,175**
	Accumulated other comprehensive income			
	Unrealized gain on available-for-sale securities	**742**	1,372	**6,821**
	Foreign currency translation adjustment	**742**	1,372	**6,821**
	Total equity	**38,743**	35,642	**355,996**
Total		**¥112,377**	¥105,509	**$1,032,596**

See notes to nonconsolidated financial statements

Nonconsolidated Statement of Income
TOBISHIMA CORPORATION

Year ended March 31,2020

		Millions of Yen 2020	Millions of Yen 2019	Thousands of U.S.Dollars 2020
Net sales	Net sales of completed construction contracts	**¥122,464**	¥122,158	**$1,125,275**
	Net sales of development business and other	**984**	969	**9,038**
	Total net sales	**123,448**	123,127	**1,134,313**
Cost of sales	Cost of sales of completed construction contracts	**108,916**	109,667	**1,000,790**
	Cost of sales on development business and other	**773**	694	**7,098**
	Total cost of sales	**109,689**	110,361	**1,007,888**
Gross profit	Gross profit on completed construction contracts	**13,548**	12,491	**124,485**
	Gross profit on development business and other	**211**	275	**1,940**
	Gross profit	**13,759**	12,766	**126,425**
Selling, general and administrative expenses		**6,491**	6,024	**59,642**
Operating income		**7,268**	6,742	**66,783**
Other income (expenses)	Interest and dividends	**5**	6	**49**
	Interest on securities	**3**	3	**29**
	Reversal of allowance for doubtful accounts	**91**	-	**839**
	Gain on sales of property, plant and equipment (*1)	**0**	1	**3**
	Gain on sales of investment securities	**-**	0	**-**
	Gain on compensation for damage received	**-**	8	**-**
	Dividend income	**34**	29	**313**
	Interest expense	**(193)**	(154)	**(1,772)**
	Commission for syndicate loan	**(78)**	(188)	**(718)**
	Design costs	**(73)**	-	**(672)**
	Loss on sales of property, plant and equipment (*2)	**(0)**	-	**(0)**
	Loss on retirement of property, plant and equipment (*3)	**(23)**	(170)	**(210)**
	Foreign exchange losses	**(80)**	-	**(741)**
	Provision for loss on doubtful accounts	**-**	(100)	**-**
	Other net	**(5)**	(183)	**(46)**
	Other expenses-net	**(319)**	(748)	**(2,926)**
Income before income taxes		**6,949**	5,994	**63,857**
Income taxes-current		**1,482**	945	**13,619**
Income taxes - deferred		**648**	568	**5,954**
Total income taxes		**2,130**	1,513	**19,573**
Net income		**¥4,819**	¥4,481	**$44,284**

See notes to nonconsolidated financial statements

Nonconsolidated Cost of Sales
TOBISHIMA CORPORATION

Year ended March 31,2020

Cost of sales of completed construction contracts	**2020**		2019		**U.S.Dollars 2020**	
segment	**amount (Millions of Yen)**	**distribution ratio(%)**	amount (Millions of Yen)	distribution ratio(%)	**Thousands of U.S.Dollars**	**distribution ratio(%)**
Cost of materials	**¥18,325**	**16.8%**	¥19,843	18.1%	**$168,384**	**16.8%**
Cost of labor	**2,837**	**2.6%**	2,598	2.4%	**26,067**	**2.6%**
outside order expenses for labor	**2,783**	**2.6%**	2,576	2.3%	**25,572**	**2.6%**
Cost of work contracted out	**65,704**	**60.3%**	64,023	58.4%	**603,729**	**60.3%**
Cost	**22,050**	**20.3%**	23,204	21.2%	**202,609**	**20.3%**
employment cost	**8,866**	**8.1%**	8,931	8.1%	**81,467**	**8.1%**
Total	**¥108,916**	**100.0%**	¥109,668	100.0%	**$1,000,789**	**100.0%**

* Using job order costing

Cost of sales on development business and other	**2020**		2019		**U.S.Dollars 2020**	
segment	**amount (Millions of Yen)**	**distribution ratio(%)**	amount (Millions of Yen)	distribution ratio(%)	**Thousands of U.S.Dollars**	**distribution ratio(%)**
Purchase of real property	**¥11**	**1.4%**	¥9	1.3%	**$99**	**1.4%**
Purchase of development of building lots	**2**	**0.3%**	2	0.3%	**21**	**0.3%**
Purchase of construction work	**1**	**-**	-	-	**-**	**-**
Cost	**758**	**98.3%**	683	98.4%	**6,967**	**98.3%**
employment cost	**0**	**-**	-	-	**-**	**-**
Total	**¥772**	**100.0%**	¥694	100.0%	**$7,087**	**100.0%**

* Using job order costing

Nonconsolidated Statement of Change in Equity
TOBISHIMA CORPORATION

Year ended March 31,2020

	Thousands		Millions of Yen						
	Outstanding number of Shares			Capital Surplus				Accumulated Other Comprehensive Income	
	Common Stock	Preferred Stock	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Total Equity
Balance, April 1, 2018	**19,310**		**¥5,520**	**¥2,980**	**¥3,268**	**¥19,252**	**(¥449)**	**¥953**	**¥31,524**
Dividend of surplus						**(770)**			**(770)**
Net income						**4,481**			**4,481**
Purchase of treasury stock					**(6)**		**8**		**2**
Purchase of treasury stock							**(14)**		**(14)**
Net changes in the year								**419**	**419**
Balance, March 31, 2019 (April 1, 2019, as previously reported)	**19,310**		**5,520**	**2,980**	**3,262**	**22,963**	**(455)**	**1,372**	**35,642**
Dividend of surplus						**(962)**			**(962)**
Net income						**4,819**			**4,819**
Disposal of treasury stock					**(2)**		**2**		**0**
Purchase of treasury stock							**(127)**		**(127)**
Net changes in the year								**(629)**	**(629)**
Balance, March 31, 2020	**19,310**		**¥5,520**	**¥2,980**	**¥3,260**	**¥26,820**	**(¥580)**	**¥743**	**¥38,743**

	Thousands of U.S. Dollars						
		Capital Surplus				Accumulated Other Comprehensive Income	
	Common Stock	Additional Paid-in Capital	Other Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain (Loss) on Available-for-Sale Securities	Total Equity
Balance, April 1, 2019	**$50,721**	**$27,383**	**$29,971**	**$211,002**	**($4,178)**	**$12,606**	**$327,505**
Dividend of surplus				**(8,842)**			**(8,842)**
Net income				**44,284**			**44,284**
Disposal of treasury stock			**(15)**		**18**		**3**
Purchase of treasury stock					**(1,169)**		**(1,169)**
Net changes in the year						**(5,785)**	**(5,785)**
Balance, March 31, 2020	**$50,721**	**$27,383**	**$29,956**	**$246,444**	**($5,329)**	**$6,821**	**$355,996**

See notes to nonconsolidated financial statements

1. BASIS OF PRESENTATION OF NONCONSOLIDATED FINANCIAL STATEMENTS

The accompanying nonconsolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these nonconsolidated financial statements, certain reclassifications and rearrangements have been made to the nonconsolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2019 nonconsolidated financial statements to conform to the classifications used in 2020.

The nonconsolidated financial statements are stated in Japanese yen, the currency of the country in which Tobishima Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥108.83 to $1, the approximate rate of exchange at March 31, 2020. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Cash Equivalents —** Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.
Cash equivalents include time deposits, certificates of deposit, commercial paper, and bond funds.

b. **Inventories**
Real estate for sale is stated at cost based on the specific identification method (or net selling value).
Costs on uncompleted construction contracts are stated at cost based on the specific identification method.
Costs on development business and other are stated at cost based on the specific identification method (or net selling value).
Materials and supplies are stated at cost based on the moving-average method (or net selling value).

c. **Marketable and Investment Securities —** Marketable and investment securities are classified and accounted for, depending on management's intent, as follows:

(1) held-to-maturity debt securities, for which there is positive intent and ability to hold to maturity, are reported at amortized cost; and (2) available-for-sale securities, which are not classified as held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method.

d. **Property, Plant and Equipment (excluding leased items) —** Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method while the straight-line method is applied to buildings acquired on or after April 1, 1998, and building improvements and structures acquired on or after April 1, 2016. Useful lives and residual values of assets held by the Company are in accordance with the regulations stipulated in the "Corporation Tax Law."

e. **Intangible Assets (excluding leased items)** — Intangible assets (excluding leased items) are amortized using the straight-line method.
Useful lives of these assets are in accordance with regulations stipulated in the "Corporation Tax Law."
Software for internal use is amortized by the straight-line method based on an estimated useful life of five years.

f. **Lease Assets —** Assets resulting from financial lease transactions for which ownership does not transfer at the end of the lease are deprecated by the straight-line method with the leasing period as the useful life and residual value as zero.

g. **Allowance for Doubtful Accounts —** To prepare for losses from defaults on sales receivables, loans receivable, and other accounts receivable, the Company reports the estimated uncollectible amounts for general claims based on its past default rates and for specific accounts with acknowledged credit risks based on an evaluation of the possibility of collection on an individual basis.

h. **Provision for Warranties for Completed Construction —** The provision is recorded in an amount based on the Company's experience, with an additional amount deemed necessary in the future for execution of warranty obligations regarding construction projects.

i. **Provision for Loss on Construction Contracts —** The provision is recorded in an amount deemed necessary at term end on the basis of estimated losses on construction contracts in the future.

j. Retirement and Pension Plans — The Company has a cash balance plan as a defined benefit corporate pension program. Under this program, a hypothetical individual employee account equivalent to the funded amount and the pension resources for annuities is set up for each plan participant. Seniority points based on length of service, merit points based on the level of competence, and interest credits based on market interest rates are accumulated in the hypothetical account.

In addition, the Company had also participated in an employee welfare fund for construction workers, which was a multi-employer plan. This fund was dissolved in September 2016, and while it is currently in the process of liquidation, the dissolution is not expected to result in additional obligations for the Company. As reasonable estimates are not available for plan assets corresponding to the Company's contribution for the employee pension fund and corporate pension fund programs, the same accounting method as that used for defined contribution programs is applied.

Retirement benefit obligations are calculated using straight-line attribution to allocate projected retirement benefit payments to the end of the current fiscal year.

Unrecognized actuarial loss is amortized over 10 years, within the remaining average service period of employees when recognized, using the straight-line method beginning with the year following recognition.

Unrecognized prior service cost is amortized over five years, within the remaining average service period of employees when recognized, using the straight-line method.

k. Provision for share-based remuneration for directors (and other officers) — The provision is recorded in an amount deemed necessary at term end based on the regulations for share-based remuneration for directors (and other officers).

l. Research and Development Costs — Research and development costs are charged to income as incurred.

m. Construction Contracts — Construction revenue and construction costs are recognized by the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs, and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on such construction contracts.

n. Income Taxes — The provision for income taxes is computed based on the pretax income included in the nonconsolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

o. Accounting Method for Deferred Assets — Stock issuance cost is amortized by the straight-line method over three years.

p. Accounting for Consumption Tax — Consumption tax is excluded from sales, cost of sales, and expenses.

q. Additional Information — Summary of performance-linked share-based remuneration plan for directors

Omitted since same information is presented in the SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES of Notes to Consolidated Financial Statements.

r. Additional Information — Impact of the COVID-19 pandemic

Omitted since same information is presented in the SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES of Notes to Consolidated Financial Statements.

【Notes to the Nonconsolidated Balance Sheet】

1. Assets pledged as collateral
The Company has pledged the following assets as collateral for guarantee money for operations:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
*2 Marketable securities	¥ 13 million	¥ 111 million
*3 Investment securities	99	110
*4 Investments and other assets “Other” (Long-term guarantee money)	177	64
Total	¥ 289 million	¥ 285 million

2. Contingent liabilities
(1) The Company provides guarantees for liability for the following companies as shown below:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
E & CS Co., Ltd. (payable trade, Notes receivable-trade)	¥ 7 million	¥ 8 million
Tobishima Brunei Sdn. Bhd. (performance bond)	¥ 291	¥ 25
Total	¥ 298 million	¥ 33 million

3. *5*6: Syndicated term loan agreements
Current fiscal year (as of March 31, 2020) and Prior fiscal year (as of March 31, 2019):

The Company has signed syndicated term loan agreements with financial institutions (total amount: ¥10,000 million), with the following restrictive financial covenants attached:

(a) The Company must maintain the amount of net assets in the consolidated balance sheet at the end of each fiscal year's closing date more than 75% of the amount of net assets on the consolidated balance sheet as of the end of the fiscal year ending March 2017, and more than 75% of the amount of net assets in the consolidated balance sheet as of the end of the previous fiscal year;

(b) The Company must maintain the amount of net assets in the non-consolidated balance sheet at the end of each fiscal year's closing date more than 75% of the amount of net assets on the non-consolidated balance sheet as of the end of the fiscal year ending March 2017, and more than 75% of the amount of net assets in the mon-consolidated balance sheet as of the end of the previous fiscal year;

(c) The Company must avoid reporting ordinary loss in the consolidated statement of income presented at the end of each fiscal year for two consecutive years;

(d) The Company must avoid reporting ordinary loss in the nonconsolidated statement of income presented at the end of each fiscal year for two consecutive years.

4. The Company has entered into commitment line agreements with five banks to make flexible and stable procurement of working capital.
Contract maximum amounts and borrowing execution balances at the end of nonconsolidated fiscal years are as follows.

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Contract maximum amount	¥ 10,000 million	¥ 10,000 million
Borrowing execution balance	—	—
Deducted amount	¥ 10,000 million	¥ 10,000 million

5. The Company settles accounting treatment of bills etc. matured at the end of the period, on the date or settlement date. Since the end of the nonconsolidated fiscal year was a holiday for financial institutions, the following notes matured at the end of the period are included in the balance at the end of the period.

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
*1 Notes receivable	¥ — million	¥ 5 million

【Notes to the Nonconsolidated Statement of Income】

1. *1: The breakdown of gain on sales of property, plant and equipment is as follows:l

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 toMarch 31, 2019)
Vehicles	¥ 0 million	¥ 1 million
Total	¥ 0 million	¥ 1 million

2. *2: The breakdown of loss on sales of property, plant and equipment is as follows:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 toMarch 31, 2019)
Vehicles	¥ 0 million	¥ — million
Total	¥ 0 million	¥ — million

3. *3: The breakdown of loss on retirement of property, plant and equipment is as follows:

	Current fiscal year (from April 1, 2019 to March 31, 2020)	Prior fiscal year (from April 1, 2018 toMarch 31, 2019)
Buildings	¥ 23 million	¥ 169 million
Others	0	1
Total	¥ 23 million	¥ 170 million

【Income Taxes】

1. The tax effects of significant temporary differences and loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2020 and 2019, are as follows:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Deferred tax assets		
Tax loss carryforwards	¥ — million	¥ 335 million
Loss on valuation of real estate for sale	1,477	1,474
Impairment loss	1,023	1,024
Liability for retirement benefit	—	123
Other	888	1,046
Deferred tax assets subtotal	3,388	4,002
Less valuation allowance for tax loss carryforwards	—	—
Less valuation allowance for deductible temporary difference	(3,021)	(3,103)
Valuation allowance	(3,021)	(3,103)
Deferred tax assets total	367	899
Deferred tax liabilities		
Unrealized loss on available-for-sale securities	(327)	(604)
Other	(115)	—
Deferred tax liabilities total	(442)	(604)
Net deferred tax assets (liabilities)	¥ (75) million	¥ 295 million

2. A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying nonconsolidated statement of income for the years ended March 31, 2020 and 2019, is as follows:

	Current fiscal year (as of March 31, 2020)	Prior fiscal year (as of March 31, 2019)
Statutory tax rate	— %	30.6 %
(Reconciliation)		
Permanently non-deductible income	— %	2.4 %
Permanently non-deductible expenses	— %	(0.0) %
Per capita inhabitant tax	— %	1.8 %
Valuation allowance	— %	(9.6) %
Effective tax rate after application of tax effect accounting	— %	25.2 %

Note: Omitted for the current fiscal year since the difference between the statutory tax rate and effective tax rate after application of tax effect accounting is less than 5/100 of the statutory tax rate.

【Business Combinations and Business Divestitures】

Not applicable

CORPORATE DIRECTORY

Board of Directors

President and Representative Director
Masahiro Norikyo

Representative Director
Yasuo Terashima

Directors
Seiichi Okuyama
Takuji Arao
Shinichiro Sato
Mitsuhiko Takahashi
Takashi Aihara
Michiko Matsuda

Corporate Auditors
・**Standing Auditors**
Takashi Hagisako
Hiroshi Ito
・**Auditors**
Toshiya Natori
Aki Nakanishi

Executive Officers

Chief Executive Officer
Masahiro Norikyo

Executive Vice-Presidents
Yasuo Terashima
Seiichi Okuyama

Senior Managing Executive Officers
Takuji Arao
Shinichiro Sato
Mitsuhiko Takahashi
Jiro Taki

Managing Executive Officers
Masakazu Oya
Toshimori Souma
Shinya Sogabe
Toshiyuki Matsubara

Executive Officers
Kazuhiko Inoue
Katsuhiro Togashi
Akiyoshi Ban
Yasunori Inaba
Kazuhiro Tashiro
Shiro Takeki
Kazuya Taniguchi
Kunji Nakagawa
Katsuo Shimada
Junichi Fukada

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Overseas Offices

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Unit 6, 2nd floor, Block J, Abdul Razak Complex, Gadong, BE 2719, Bandar Seri Begawan, Negara Brunei Darussalam
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Fax 673-2-422041

Pakistan Office
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Myanmar Office
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Phone 95-9-44643-2434

Overseas Subsidiaries

Tobishima (Brunei) Sdn. Bhd.
Unit 6, 2nd floor, Block J, Abdul Razak Complex, Gadong, BE 2719, Bandar Seri Begawan, Negara Brunei Darussalam

Tobishima PNG Limited
Po Box 1905, Waterfront, Konedobu-125, NCD, Port Moresby, Papua New Guinea

Employees by Occupation
(As of March 31, 2020)

Administrative Officers	204
Civil Engineers	529
Building Engineers	383
Mechanical Engineers	16
Electrical Engineers	10
Other Equipment Engineers	48
Employees of the subsidiaries	204
Total	1,394

Year of Establishment
March 1947
(Predecessor founded in 1883)

Stock Information
(As of March 31, 2020)
Paid-In Capital: ¥5,519,942,968

Number of Shares Authorized:
Common Stock 40,000,000 shares

Number of Shares Issued:
Common Stock 19,310,436 shares

The total number of shares issued includes 71,203 treasury stocks.

Number of Shareholders: 32,948

ENGINEERING & CONSTRUCTION
TOBISHIMA CORPORATION
Head Office
1-8-15, Konan, Minato-ku, Tokyo, Japan